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Before the
Federal Communications Commission
Washington, DC

FILE 7 1997

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In the Matter of)
)
Newspaper/Radio Cross-Ownership)
Waiver Policy)

MM Docket No. 96-197

To: The Commission

COMMENTS

David E. Hoxeng d/b/a
ADX COMMUNICATIONS

Submitted by:
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Dated: February 7, 1997

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COMMENTS

David Earl Hoxeng, d/b/a ADX Communications, hereby submits his comments with regard to the pending rule making proceeding concerning the possible relaxation of the radio/newspaper cross-ownership restriction.

The Commission should not revise its policies concerning the waiver of the newspaper/radio cross-ownership restriction. The Commission did the correct thing when it intended the 1975 rule (Sec 73.3555(d)) to prevent the creation of new combinations, including those created by the sale of a "grandfathered" newspaper-broadcast combination to the same party.

There are two critical issues at stake:

- 1) Diversity in ownership as a means of enhancing diversity in programming service to the public,
- 2) The avoidance of monopoly power in radio advertising and/or business operations in a local community.

Monopolist Daily Newspapers

Most English-language daily newspapers in the United States operate as monopolies. *Webster's* defines monopoly as:

- 1: exclusive ownership through legal privilege, command of supply, or concerted action
- 2: exclusive possession
- 3: a commodity controlled by one party
- 4: a person or group having a monopoly.

America was built on competition. However, the daily newspaper industry only thrives in most

markets where there is but one commercial daily newspaper left. Many competitive daily newspapers have merged into a monopoly paper with the acquiesce of our federal government.

Diversity of Editorial Content

In monopoly newspaper towns, there is only one editorial voice in daily print. This gives newspaper owners uncommon power and control of public opinion. A publisher's decision about whether to cover a news story or not, and how to cover it affects public perception of the truth. Monopoly newspaper owners have formidable political power due to their control of the only daily newspaper voice in a community.

Giving a monopoly publisher influence over any radio station in the same market further extends that monopoly while quieting an independently-owned voice that can offer a diverse editorial approach to news and affairs in a given community.

Advertising and/or Business Operations

A monopoly daily newspaper publisher has immense market power. Pricing, and terms and conditions of access to a community's sole daily newspaper is set by fiat rather than by competitive forces. Extending that market power by combining newspaper ownership with radio station(s) ownership would be detrimental to the public interest, convenience and necessity.

Daily newspapers have tremendous commercial freedom as compared to broadcasters dealing in a competitive environment. Examples: cigarette advertising, hard liquor advertising, political access/fairness rules and guaranteed low rates for federal candidates. There seems to be a certain arrogance among monopoly newspaper owners that they can do or say whatever they want; in the competitive and regulated radio market, radio owners are responsive to the marketplace and careful for follow various regulations.

An example of the pricing power of Monopoly newspapers follows. Prior to 1993, Hearst Corporation owned the San Antonio Light which was a daily newspaper in competition with the Murdoch-owned San Antonio Express-News daily. Hearst bought the Express-News from Murdoch and put the San Antonio Light out of business; San Antonio became a monopoly newspaper town after January 27, 1993, when the Light published its last edition. The Cost Per Thousand (CPM) charged to advertisers by the Express-News skyrocketed after San Antonio became a monopoly newspaper market:

	<u>CPM</u>	<u>Increase Yr-to-Yr</u>	<u>US CPI-U Increase</u>
1987	\$.40		
1988	.42	+ 5%	4.1%
1989	.47	+11%	4.8%
1990	.50	+ 6%	5.4%
1991	.53	+ 6%	4.2%
1992	.51	- 3%	3.0%
1993	.58	+15%	3.0%
1994	.65	+11%	2.6%
1995	.75	+16%	2.5% est
1996	.87	+16%	

See Exhibit I for details. The published average annual price (CPM) increase in the four years preceding 1992 was 7.5%.

The published average annual price (CPM) increase in the four years following 1992 was 14.5%, almost double the prior period referenced above. Even as national inflation (shown in CPI-U above) trended down, Hearst Corporation *significantly* raised the advertising rates in San Antonio almost immediately after becoming the monopoly daily newspaper owner.

Monopoly power pays in newspaper ownership!

In communities with a single daily newspaper, if daily newspaper owners are permitted by the FCC to own radio stations in the same community, the radio market will likely be affected by predatory pricing practices by these monopolist newspapers. Newspaper ownership can easily use such pricing devices as tie-in sales incentives to increase its concentration of market advertising revenue. Thus, these newspaper monopolists can drive down the success of competing radio stations by sucking their revenue away.

Existing monopolist daily newspapers have a tremendous economic base -- generally far greater than any radio station duopoly in a given market. A newspaper/radio combination can draw from that economic base and gain an unfair advantage vs. other radio stations in that community.

Relaxing the radio/newspaper cross-ownership policy will lead to fewer independent voices in communities across America and result in diminished service to the public -- the same public that the Communications Act of 1934 requires radio licensees to serve.

Summary

The Commission should not revise its policies concerning the waiver of the newspaper/radio cross-ownership restriction. Monopoly newspaper owners should be prohibited from owning radio stations located in the same community so as to preserve diversity of news and information sources, and to avoid monopolist's influence on the radio market with resulting diminished service from competitive radio stations.

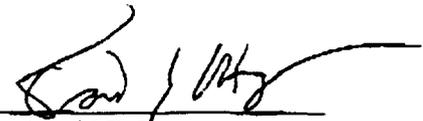


David E. Hoxeng

d/b/a

ADX Communications

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.



David E. Hoxeng

Executed this 7th day of February, 1997.

EXHIBIT I

NEWSPAPER PERFORMANCE REPORT
CIRCULATION, PENETRATION, REACH AND FREQUENCY ANALYZER

11/6/86

Newspaper(s): **SAN ANTONIO EXPRESS-NEWS (Morning)**

Market: **San Antonio, TX**

Metro Population (Adults 18+)	NDM Total Households	NDM Net Circulation	Market Penetration	% of Market Not Reached
1,042,800	545,800	192,415	35%	65%

Readers per Copy	Average Daily Readers
2.195	422,351

TRENDING DATA

YEAR	METRO HOUSEHOLDS		GROSS CIRCULATION		ADVERTISING COST	
	NUMBER	% CHANGE	NUMBER	% CHANGE	SAU RATE	% CHANGE
1987	430,300	0%	172,410	0%	\$ 69.52	0%
1988	442,200	2.8%	180,819	4.9%	\$ 76.47	10.0%
1989	454,600	5.6%	178,695	3.6%	\$ 84.12	21.0%
1990	458,800	6.6%	185,589	7.6%	\$ 92.53	33.1%
1991	469,800	9.2%	187,579	8.8%	\$ 99.01	42.4%
1992	485,700	12.9%	211,625	22.7%	\$ 107.92	55.2%
1993	497,000	15.5%	239,416	38.9%	\$ 139.80	101.1%
1994	501,100	16.5%	235,002	36.3%	\$ 152.38	119.2%
1995	510,900	18.7%	222,413	29.0%	\$ 167.62	141.1%
1996	522,536	21.4%	215,593	25.0%	\$ 187.73	170.0%

NOTES:

NEWSPAPER REACH

	<u>1st Day</u>	<u>2nd Day*</u>	<u>3rd Day*</u>	<u>4th Day*</u>	<u>5th Day*</u>
Number of Persons Reached by Newspaper	422,351	489,927	523,715	549,058	561,727
Newspaper's Reach Rating (% of Population)	40.5	47.0	50.2	52.7	53.9

AD REACH & DELIVERY

<u>Ad Size</u>	<u>Noting Factor</u>	<u>% of Population Reached: Persons Reached: Average Exposure Frequency: GRPs</u>					
Full Page Ad	42%	Ad Reach (#)	177,387	205,769	219,960	230,604	235,925
		Ad Reach (%)	17.0%	19.7%	21.1%	22.1%	22.6%
		Frequency	1	1.7	2.4	3.1	3.8
		GRPs	17.0	33.5	50.6	68.6	86.0
3/4 Page Ad	38%	Ad Reach (#)	160,493	186,172	199,012	208,641	213,456
		Ad Reach (%)	15.4%	17.9%	19.1%	20.0%	20.5%
		Frequency	1	1.7	2.4	3.1	3.8
		GRPs	15.4	30.4	45.8	62.0	77.8
1/2 Page Ad	34%	Ad Reach (#)	143,599	166,575	178,063	186,679	190,987
		Ad Reach (%)	13.8%	16.0%	17.1%	17.9%	18.3%
		Frequency	1	1.7	2.4	3.1	3.8
		GRPs	13.8	27.2	41.0	55.5	69.6
1/4 Page Ad	26%	Ad Reach (#)	109,811	127,381	136,166	142,755	146,049
		Ad Reach (%)	10.5%	12.2%	13.1%	13.7%	14.0%
		Frequency	1	1.7	2.4	3.1	3.8
		GRPs	10.5	20.8	31.3	42.4	53.2
1/8 Page Ad	23%	Ad Reach (#)	97,141	112,683	120,454	126,283	129,197
		Ad Reach (%)	9.3%	10.8%	11.6%	12.1%	12.4%
		Frequency	1	1.7	2.4	3.1	3.8
		GRPs	9.3	18.4	27.7	37.5	47.1

Sources:

Circulation® Audit Bureau Circulations, 6 mo. report ending 9/30/86
 Households & Population - SRDS
 Noting Factors - Starch Newspaper Ad Readership Studies
 * Assumes same ad is placed over multiple days
 NDM=Newspaper Designated Market (defined by newspaper)

Rates: SRDS, Standard Advertising Unit Open Per Inch Rate
 Duplication Formula - Newspaper Association of America
 Readers per Copy - Simmons Research
 Gross Circulation - Total copies sold inside and outside NDM
 Net Circulation - Total copies sold inside NDM